



Bureau of Export Administration

Mission Statement

BXA is a regulatory agency that promotes U.S. national and economic security, public safety, and foreign policy interests by managing and enforcing the Department's security-related trade and competitiveness program

BXA seeks to control the spread of weapons of mass destruction (WMD), maintain a strong U.S. defense industrial base and promote higher quality manufacturing processes in the U.S. The bureau's continuing major challenge is combating the proliferation of WMD while furthering the growth of U.S. exports, which are critical to maintaining America's leadership in an increasingly competitive global economy. Within this framework, BXA serves U.S. businesses engaged in international trade by processing applications for export of controlled commodities in accordance with the Export Administration Regulations (EAR). The Bureau also serves this clientele by expediting the export licensing process and by providing various educational initiatives and guidance on how to conform to applicable laws and regulations. The bureau is particularly vigilant in evaluating transactions involving advanced technologies and dual use products (i.e., those subject to diversion to, and use in chemical, biological, nuclear and missile weapons programs).

The bureau enforces antiboycott law; it also performs research and analysis in support of U.S. industries pursuant to mandatory legal authorities. Recent legal mandates placed on BXA include: controlling exports of encryption products, overseeing U.S. industry compliance with the Chemical Weapons Convention (CWC) treaty, enforcing industrial fastener quality legislation, and protecting critical infrastructures in the U.S.

Even if the United States and its close allies have the most effective export control conceivable, weapons of mass destruction or the commodities and technologies to make and deliver them are finding their ways from or through other nations to rogue nations or terrorists who would make use of them. The U. S. and other nations and their citizens are at risk just as if we did not have effective export controls. In recognition of this fact, BXA works closely with other relevant agencies of the U. S. government to assist key exporting and transit countries to develop and strengthen export control systems.

BXA seeks an international order that is free from both the destabilizing effects of weapons of mass destruction and unnecessary regulatory burdens associated with trade in controlled commodities.

Initiatives and Priorities

Expand Economic Growth, Trade and Prosperity - BXA supports this goal by assisting small and medium sized businesses to increase their participation in export markets. It does this by helping them to understand export control requirements through outreach visits, conferences, and seminars. With increased concern about the proliferation of WMD, BXA has brought U.S. export controls in line with the new international political environment by reforming the dual-use export control system. At the same time, BXA seeks to enhance its export regulatory effectiveness by educating stakeholders in the export licensing process -- i.e., exporting businesses -- thereby improving industry compliance with export control regulations and strengthening international export control efforts. Combined, these two efforts will result in a streamlined dual-use commodity control list, and an improved license application cycle for controlled items without compromising our national security and public safety interests. These efficiencies will allow U.S. exporters to be more competitive in world markets, benefiting both the exporters and the U.S. economy.

CWC Inspection Program: Export Administration is seeking additional resources to ensure that United States industry complies with all treaty reporting and facility inspection requirements, and that confidential business information (CBI) of U.S. chemical and pharmaceutical firms is protected from unauthorized release during CWC inspections. This role contributes to the national security and economic strength of the United States and helps to keep the U.S. competitive by ensuring that its cutting edge technology is protected. As lead agency, Commerce will (1) collect, process, and report U.S. companies' CWC data declarations and (2) host on-site CWC inspections at commercial facilities. New resources contained in this request, when added to resources previously approved by Congress or pending in the President's FY 2000 budget, will fully staff BXA's CWC operations, and provide for the full-year costs of Department of Defense participation in these inspections. Because of the delay in enactment of CWC implementing legislation by the Congress, the commencement of required inspections of U.S. facilities has been delayed. The CWC's international administrative agency, the Organization for the Prohibition of Chemical Weapons, has indicated it wants to conduct 61 inspections of U.S. facilities in calendar year 2000. The currently budgeted BXA/EA CWC inspection group will be stretched to conduct 43 such inspections, and additional personnel are desperately needed.

Enforcing Laws to Combat Terrorism and Proliferation: Combating terrorism is an essential part of the President's overall defense strategy. Additional resources are being requested to enable Export Enforcement (EE) personnel to use their expertise in targeting outbound shipments for investigation to assist the Customs Service in targeting inbound shipments (a cross-cutting initiative responsive to Presidential Decision Directive 62). Increasing effective inspections of cargo inbound into U.S. ports is essential to protect our nation from terrorism. EE is also requesting additional resources to enhance its counter-terrorism program that was started in 1997. This will include increasing outreach at the Department of Energy's national high technology laboratories to address Inspector General (IG) concerns about the laboratories' lack of understanding about export control issues; and enhance visa application reviews. In addition, this initiative will fully fund enforcement costs associated with obtaining administrative warrants for inspections of U.S. facilities required by the Chemical Weapons Convention (CWC); enforcing data declaration and inspection requirements, and enforcing export controls and import restrictions on scheduled chemicals (which was a new responsibility for EE in 1999). These increases are part of the departmental-crosscutting initiative to Combat Terrorism and Weapons of Mass Destruction.

Strengthening Export Controls of Key Nations: Management and Policy Coordination is seeking additional resources to establish the Nonproliferation and Export Control (NEC) Cooperation initiative as a Department of Commerce-funded program. Since FY 1993, BXA has been using limited base resources to deliver technical assistance on establishing and strengthening export control and enforcement to the republics of the former Soviet Union and former Warsaw Pact. If these nations are leaking weapons of mass destruction and the means to make more, no matter how good our export controls are, our security is jeopardized. For seven years, without direct funding, BXA has used funds from other Departments to pay the non-personnel costs of its program (those funds cannot be used to pay BXA personnel costs). Because of BXA's prior successes in this program, and the pressing security interests involved, there is increasing demand in Congress and other federal Departments for BXA to provide more assistance to the same set of nations and expand activities to include China, India, Pakistan, and other countries considered prime proliferation risks. The Departments of Defense (DoD) and State, among others, have said they need to expand their support to BXA for this purpose, but BXA has reached the limit of what its current staff complement for this activity can do and must start refusing the requests and funding. This initiative will enable BXA to play the vital expanded role that sister departments acknowledge can only be played by BXA.

Critical Infrastructure Program – In support of the Department's comprehensive e-commerce initiative, protection of the Nation's basic information systems must be one of the highest priorities. A Presidential directive in 1998 created the Critical Infrastructure Assurance Office (CIAO) and placed it in the Commerce Department to coordinate actions within both the Federal government and private sector to protect critical infrastructures. The National Plan for Information Systems Protection, Version 1.0, issued in January 2000, is the first attempt by any national government to develop ways to protect electric systems, communications, and transportation networks, all of which are computer controlled, from deliberate attack and sabotage. The first step of the plan focuses on efforts being undertaken within the Federal government to protect the nation's critical cyber-based infrastructure. The second step will focus on efforts of infrastructure owners and operators as well as the perspectives of the broader business community and the general public.

In addition to coordinating the development of the National Plan, Commerce is helping to foster the Partnership for

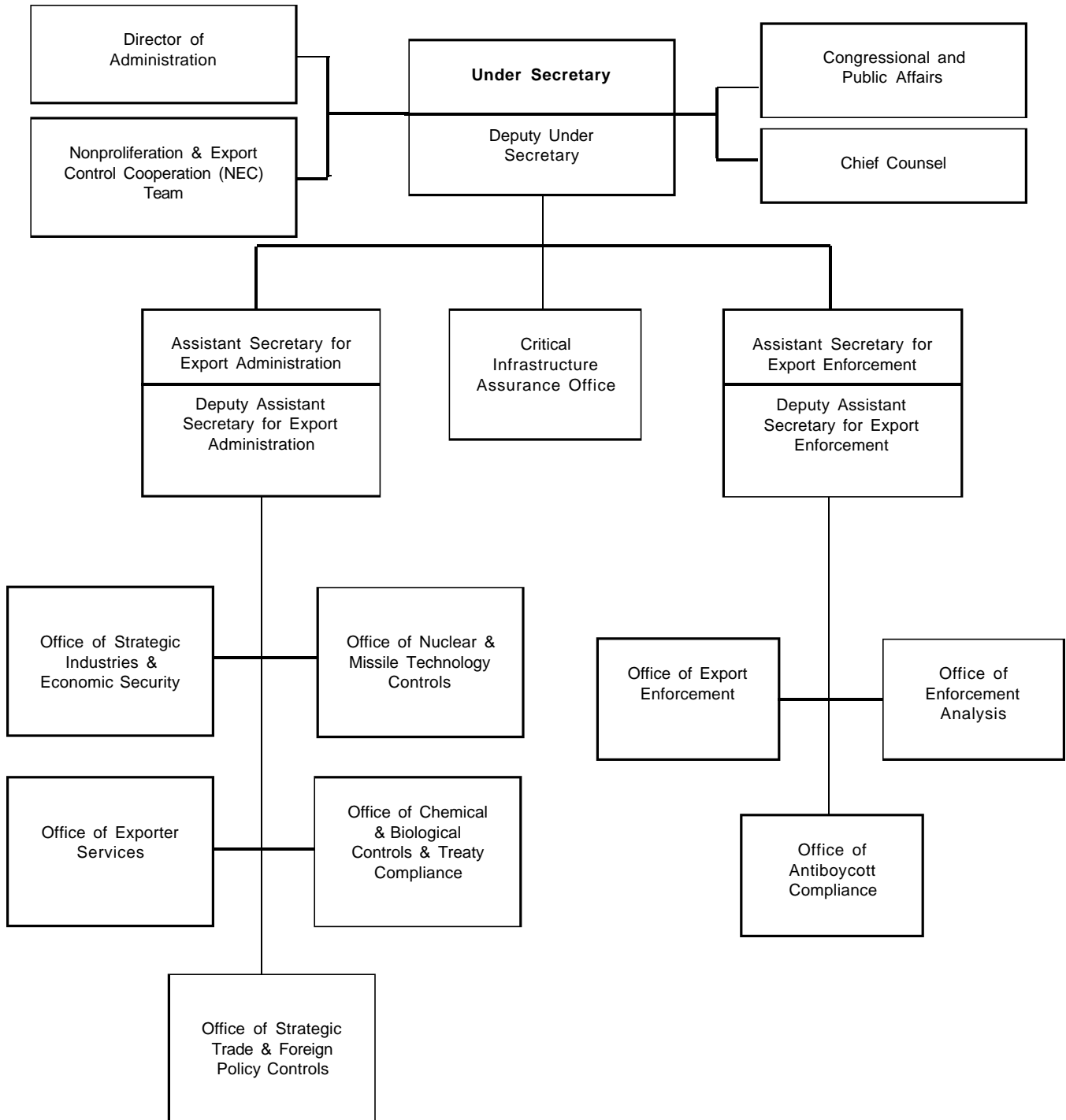
Critical Infrastructure Security. For the national plan to succeed, the government and private sector must work together in a partnership that raises awareness and, when appropriate, serves as a catalyst for action. A strategy of cooperation and partnership between the private sector and the U.S. government to protect the nation's infrastructure is the linchpin of this effort.

For FY 2000, the CIAO's funding was reduced from the President's Budget (PB) request of \$6.4M (\$6.0M was appropriated for FY 99) to \$3.0 M, resulting in staff reductions and reduced program activity. For FY 2001, the additional \$3.5M above FY 2000 appropriations will (1) restore the CIAO's base to \$6.0M and (2) provide \$0.5M for the State pilot Information Sharing Analysis Centers (ISACs). The restoration will still fall short of the FY 2000 PB request, but will permit the CIAO to perform its coordination and facilitation role in support of PDD-63 during the final year of its projected existence.

Management Challenges

Export Control Automated Support System (ECASS) Redesign – The ECASS system is BXA's principal computer system for its licensing and enforcement activities. Because it is a fifteen-year-old design, its ability to expand and to incorporate needed enhancements is severely limited, and it increasingly fails to provide necessary support for BXA missions. ECASS redesign and replacement has been a priority for several years. BXA contracted with Booz, Allen & Hamilton (Booz-Allen) to conduct a reengineering study of BXA business processes in advance of redesigning the information architecture that will support these processes. This is consistent with the Information Technology Management Reform Act (the so-called Clinger-Cohen Act) that mandates that analysis and revision of mission-related processes occur before making significant information technology investments. The redesigned processes and the replacement for ECASS should improve fulfillment of critical portions of BXA's mission of controlling exports for national security, foreign policy, and short supply reasons. Specifically, the new ECASS will support the BXA goal of restructuring export controls for the 21st century by facilitating more rapid processing of cases and the goal of maintaining a fully effective law enforcement program by providing real time access to enforcement data.

Organizational Structure



Targets and Performance Summary

Highlights of the Bureau of Export Administration FY 2001 Performance Plan

Performance Goal 1: Restructure export controls for the 21st century			
Measures	FY 99 Actual	FY 00 Target	FY 01 Target
High risk transactions deterred (#)	1,160	508	512
Licensing decisions (#)	12,598	12,500	14,000
Average processing time for license applications (days)	40	33	32
Export assistance seminars/conferences(#)	136	115	120
Nonproliferation and export control international cooperative exchanges (#)	46	30	37

Performance Goal 2: Maintain a fully effective law enforcement program to protect U.S. national security and public safety, uphold U.S. foreign policy, and ensure the nonproliferation of dual-use commodities and chemical weapons			
Measures	FY 99 Actual	FY 00 Target	FY 01 Target
Enforcement outreach visits (#)	1,142	900	1,010
Investigations completed (#)	1,069	1,300	1,225
Investigations accepted for criminal or administrative remedies (#)	68	80	70
End-use visits conducted (#)	869	680	680

Performance Goal 3: Facilitate transition of defense industries			
Measure	FY 99 Actual	FY 00 Target	FY 01 Target
Strategic industry analyses completed (#)	352	295	300

Resource Requirements Summary

Total Dollars: \$64.9 Million

Performance Goal	FY 99 Actual	FY 00 Enacted	FY 01 Request
Restructure export controls for the 21st century	\$24.2 M	\$24.9 M	\$35.2 M
Maintain a fully effective law enforcement program	\$25.9 M	\$25.4 M	\$29.2 M
Facilitate transition of defense industries	\$0.5 M	\$0.5 M	\$0.5 M

Total FTEs 447

Skill Summary: *In-depth knowledge of the Export Administration Regulations, related policies, and commodity-controlled items, as well as analytical skills*

Performance Goal	FY 99 Actual	FY 00 Enacted	FY 01 Request
Restructure export controls for the 21st century	172	195.5	215
Maintain a fully effective law enforcement program	188	207.5	224
Facilitate transition of defense industries	8	8	8

Total IT Dollars:\$5.4 Million

IT Requirements: *Operations, maintenance and reengineering*

Performance Goal	FY 99 Actual	FY 00 Enacted	FY 01 Request
Restructure export controls for the 21st century	\$1.6 M	\$2.0 M	\$2.6 M
Maintain a fully effective law enforcement program	\$1.7 M	\$2.1 M	\$2.7 M
Facilitate transition of defense industries	\$0.07 M	\$0.08 M	\$0.1 M

Performance Goal 1: Restructure Export Controls for the 21st Century

Rationale for Performance Goal

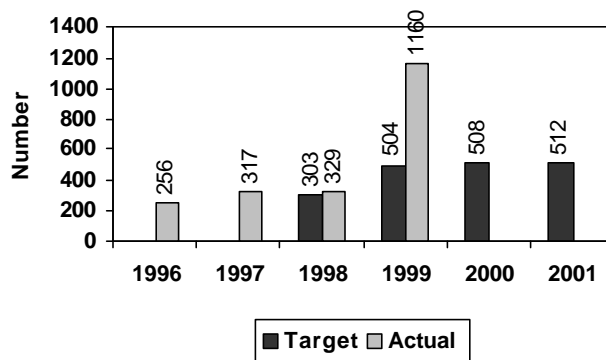
BXA strives to streamline the application processing system and educate the U.S. exporting community in requirements of the Export Administration Act (EAA) and the Export Administration Regulations (EAR):

- To prevent illegal transactions by means of a more effective control system
- To improve U.S. exporter competitiveness in the global marketplace by helping exporters meet shipping deadlines and reduce transaction costs
- To improve U.S. exporter competitiveness through prompt export licensing decisions

BXA also strives to strengthen foreign national export control systems to reduce proliferation of controlled commodities that are produced locally or are being transshipped:

- To ensure that sensitive technologies are not inappropriately transferred outside the U.S.
- To provide a level playing field internationally through the development of export control systems meeting international standards in all countries thought to be significant exporters or transshippers of sensitive goods and technologies.

Measure 1.a: Number of high risk transactions deterred



Data Validation and Verification

Data collection: Export Control Automated Support Systems (ECASS)

Frequency: Annual

Data storage: ECASS

Verification: ECASS contains appropriate systems edits. ECASS is also open to audit by GAO and the IG. Data is queried for retrieval through the Licensing Officer Access subsystem or generated via hardcopy through the Reports subsystem.

Data limitations: The inability to produce additional detail on the reasons for Returned Without Action (RWA).

Actions to be taken: Add capability to ECASS to record and report RWA reason code.

Explanation

The number of high-risk transactions that BXA reviewed and subsequently denied is based upon a careful risk assessment. There are several ways in which such assessments are conducted. License applications are reviewed based on the control number, the reasons for the controls (national security; foreign policy; antiterrorism, etc.), the end-user, and the end-use. Control lists are cross checked to determine if any of the parties to the transaction are denied or listed entities. In most cases the case is referred to the interagency community for its review as well. This includes input from the intelligence community to help determine the likelihood that the export will be used for purposes other than intended or contrary to U.S. policies. Also considered are factors such as the likelihood of diversion, the practices of the end-user, and the inability or unwillingness of an exporter to agree to certain conditions which we may require if a transaction is to be approved. U.S. security is enhanced through the judicious implementation of controls on transfers of materials, equipment, technology, and software that could be used for weapons applications.

FY 2000, FY 2001 Targets: No revisions, however the targets are too high unless ECASS is modified to include data on applications that were Returned Without Action (RWA). A key assumption is that the India sanctions will be lifted.

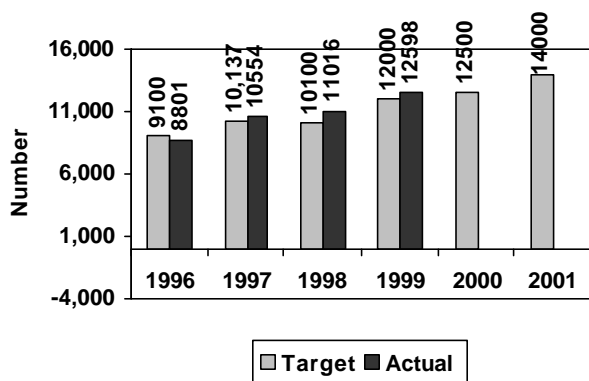
Data Issues: See Data limitations.

Discontinued Measures: Not applicable.

Performance Goal 1: Restructure Export Controls for the 21st Century

Measure 1.b:

Number of licensing decisions



Data Validation and Verification:

Data collection: ECASS

Frequency: Annual

Data storage: All license processing data are stored in ECASS

Verification: ECASS contains appropriate systems edits. ECASS is also open to audit by GAO and the IG. Data is queried for retrieval through the Licensing Officer Access subsystem or generated via hardcopy through the Reports subsystem.

Data limitations: None.

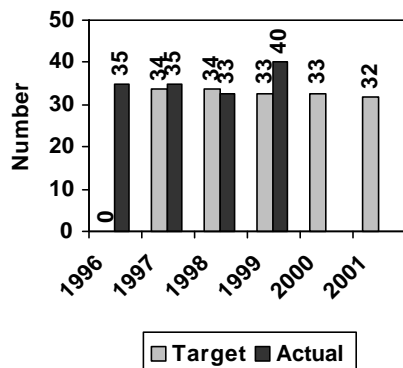
Actions to be taken: None.

Explanation

This measure counts the total number of applications that were approved, denied or RWA during the fiscal year. Upon receipt, license applications are reviewed for completeness (front-end review) and entered into ECASS, BXA's electronic processing system. If the application is incomplete, additional information is requested from the exporter before proceeding. If complete, the application is screened against an automated list of end-users of concern and forwarded to the appropriate licensing and enforcement specialists for a complete analysis of the application. This includes review against available intelligence information and required referrals to other export control agencies, and subsequent policy reconsideration/determination. The number of export licensing decisions is the best measurement for the scope of the dual-use export control system as it relates to trade in advanced goods and technology.

Measure 1.c:

Average processing time for license applications



Data Validation and Verification:

Data collection: ECASS

Frequency: Annual

Data storage: All license processing data are stored in the ECASS

Verification: ECASS contains appropriate systems edits. ECASS is also open to audit by GAO and the IG. Data is queried for retrieval through the Licensing Officer Access subsystem or generated via hardcopy through the Reports subsystem.

Data limitations: None.

Actions to be taken: None.

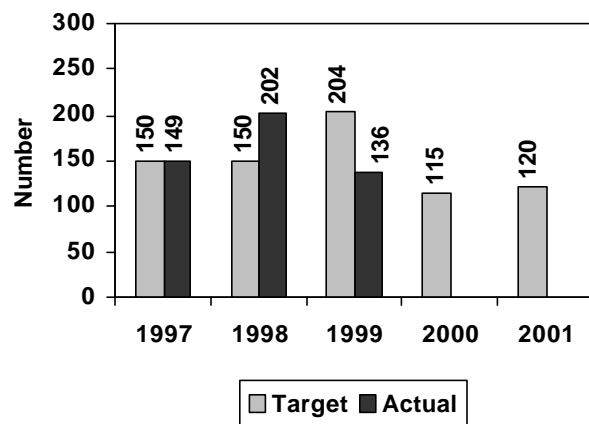
Explanation

This measure reflects the average number of calendar days that elapsed between registration and final action for all applications processed during the fiscal year, regardless of the date received. The less time it takes to process a license application, the sooner an exporter can ship product. This enhances exporter finances by speeding revenue production time and reducing storage costs, and enables the exporter to make timely shipment and thereby compete with foreign competitors. U.S. exporters lose sales if a foreign competitor can ship a product faster.

Performance Goal 1: Restructure Export Controls for the 21st Century

Measure 1.d:

Number of export assistance seminars/conferences



Data Validation and Verification:

Data collection: Counts of seminars and conferences from the seminar schedule published each year.

Frequency: Annual

Data storage: The Office of Exporter Services collects and stores the data.

Verification: None

Data limitations: None.

Actions to be taken: None.

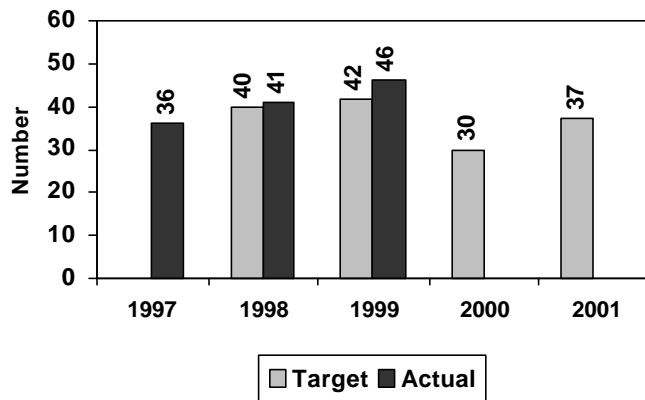
Explanation

This measure counts the number of training events in which BXA either is a sponsor or participant and reflects the transfer of knowledge from the government to the private sector regarding export control requirements. The BXA outreach program to the domestic and international business communities encourages compliance with EAR. Seminars also heighten business awareness of Administration objectives and improve compliance with regulatory requirements. In support of BXA's goal to "Facilitate Transition of Defense Industries," these seminars also help identify market opportunities for firms in the U.S. defense industrial base, and identify those firms that could benefit from BXA advocacy and defense industrial base programs.

Performance Goal 1: Restructure Export Controls for the 21st Century

Measure 1.e:

Number of nonproliferation and export control international cooperative exchanges



Data Validation and Verification:

Data collection: NEC activity files, reporting cables, and other files

Frequency: Annual

Data storage: NEC collects and stores the data.

Verification: Independent auditors verified the content of NEC outputs.

Data limitations: An *output* rather than an *outcome* measure is used because NEC activity has a greater ability to affect the output (i.e., the number of technical exchanges) than it has to affect the outcome (i.e., improvements in the export control systems in the foreign countries). The latter is substantially determined by the actions of foreign sovereign governments, a factor clearly out of NEC control.

Actions to be taken: None.

Explanation

This measure includes technical exchanges, executive exchanges, symposia, fora, workshops, and training courses, assessments, and other multilateral and bilateral activities in which BXA has the lead or a primary role. These exchanges are the primary means by which BXA implements its nonproliferation and export control cooperation programs with foreign governments. This measure records the number of exchanges and not the number of countries participating. If one exchange involves multiple countries (e.g., the annual update event) the exchange is counted as one item.

FY 2000, FY 2001 Targets: The FY 2000 targeted output of 30 exchanges reflects deletion from the FY 2000 budget of requested FTE and a forecast reduction in funding from the Departments of Defense and State. The FY 2001 target is increased to 37 exchanges based on the increases in FTE contained in the President's FY 2001 budget.

Program Evaluation Efforts

- BXA developed a performance management approach pursuant to the Government Performance and Results Act (GPRA) of 1993, to determine success and failure of its international cooperative export control activities. The approach links inputs (time, money and staff) and outputs (technical exchanges in each of five substantive fields) to desired outcomes that increase the effectiveness of a national export control system. Staff collects and analyzes evidence (legislation, procedures, control lists, etc.) to determine achievement of desired outcomes, of which there are 39.
- BXA was credited with hard work and timely response in providing the export licenses for the encryption items necessary for a U.S. consortium to win a bid on a major Public Key Infrastructure (PKI) project in Hong Kong. This contract should help dispel the perception in the information technology industry that the U.S. Government is reluctant to provide the licenses necessary for electronic commerce initiatives. The five licenses submitted by U.S. firms for this project were approved with an average processing time of 35 days. One of the licenses was approved in 23 days. The changed perceptions concerning U.S. licensing policy for encryption resulting from this case should lead to more opportunities for U.S. businesses in this important industry to make sales of encryption hardware and software.
- At the Missile Technology Control Regime (MTCR) annual meeting in Paris on June 3-4, 1999, the BXA representative participated in the resolution of an impediment to the approval of several pending missile-related export cases for Israel through discussions with Austria, a MTCR partner. If this issue had not

Performance Goal 1: Restructure Export Controls for the 21st Century

been satisfactorily resolved, denial of the pending U.S. cases would have jeopardized longstanding business relationships between Israeli and U.S. companies.

- Since the implementation of the Simplified Network Application Program (SNAP), up to 46 percent of export license applications have been submitted to BXA via the Internet. SNAP reduces delays for the exporter and is more cost-effective for BXA since it eliminates the expensive and error-prone process of transferring data from paper applications. SNAP accepts most applications and notices that exporters must submit to BXA. During the same period, 41 percent of requests for advisory opinions and commodity classifications came through SNAP.
- The Office of Management and Budget (OMB) approved BXA's request for a streamlined process for collecting national security information from the U.S. defense industrial base. BXA now has general, multi-year OMB approval for BXA survey authority. BXA will therefore be able to reduce the time required to obtain collection approval from five months to less than one month. This will enable BXA to respond quickly to national security issues as they arise, and make policy recommendations in a more timely manner. The streamlined process will also be less burdensome for BXA, as well as OMB, consolidating multiple information collection activities under a single, perpetual authority.
- The Government Printing Office (GPO) has arranged a grant through the Federal Depository Library that will allow GPO to provide the public free electronic access to the Export Administration Regulations, via the Internet, at no cost to BXA or the public. The total annual savings to Commerce and the taxpayers will be \$70,000, in addition to the \$126,000 savings to industry for free electronic access to the EAR.

Strategies and Activities

Strategies	Activities
Achieve receipts, reviews, interagency consultations, and decisions on export license applications that are accurate, consistent, and timely	Use state-of-the-art information technology.
Provision of full range of information to the U.S. exporting community	Create publications, seminars, and web sites, and perform individual consultations.
Development of uniform control lists and licensing practices with like-minded supplier nations.	Consult with representatives of supplier nations.
Develop and implement a model country plan that addresses all five functional areas of effective export control systems (legal and regulatory framework, licensing procedures and control lists, enforcement mechanisms, industry-government relations, and systems administration and automation), and tailor it to the specific needs of each participating countries.	<ul style="list-style-type: none"> -- Technical exchanges (bilateral or multilateral) for senior and mid-level export control officials that take place at headquarters or in the field -- Modular training materials prepared and used by specialists in their functional areas and made available in two or more languages -- Automated job tools that foreign officials can use in the execution of their work (e.g., classifying commodities, developing of performance for Licensing Officers)

Performance Goal 1: Restructure Export Controls for the 21st Century

Resource Requirements Summary

Total Dollars: \$35.2 million

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$24.2 M	\$24.9 M	\$35.2 M

Total FTEs: 215

Skill Summary: Analytic skills, technical expertise, knowledge of commodity-controlled items

FY 99 Actual	FY 00 Enacted	FY 01 Request
172	195.5	215.0

Total IT Budget: \$2.6 million

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$1.5 M	\$2.0 M	\$2.6 M

Cross-Cutting Activities

Other Government Agencies

- The international export control system represents the integration of the interests of several distinct interest groups. Each makes a unique contribution to the system. The groups are:
 - Governments of nations that administer and enforce internationally agreed-upon standards
 - Industries of nations that produce items and technologies requiring control
 - Multilateral control regimes that establish the standards and norms implemented by individual nations
 - Various non-government and academic organizations of individual nations.
- *Departments of State, Defense, Energy, Treasury, and Justice:* BXA works with these agencies and departments to develop and implement U.S. export control policy and programs, including developing encryption policy, implementing sanctions, and participating in multilateral regimes such as the Missile Technology Control Regime and the Wassenaar Arrangement. BXA also coordinates intelligence and enforcement operations with these agencies.
- *U.S. Customs Service and the Nonproliferation Center:* BXA coordinates export control cooperation technical exchanges and activities with other nations with these agencies, in addition to those mentioned above.
- BXA works closely with the *Departments of State, Defense, Energy, Justice, U.S. Customs, and the FBI* to coordinate assessment of the international export control system and to prioritize, design, and fund programs in which interagency resources are focused on specific national and regional issues.

Performance Goal 1: Restructure Export Controls for the 21st Century

External Factors and Mitigation Strategies

External Factors:

- Changes in the world situation (e.g., nuclear tests, terrorist activity) requiring new export restrictions.
- Developments in technology requiring adjustments to control lists.
- New legislative requirements for additional controls or license application review.

Mitigating Strategy:

- All of the above factors can be mitigated through the design of well targeted, appropriate regulations and through the timely education of the public.

External Factors:

- The press of other mandated priorities impedes prompt license processing.

Mitigating Strategy:

- Improve clarity of information provided to the Legislative branch to reduce the need for GAO and IG requests.
- Expedite implementation of the Government Paperwork Elimination Act to facilitate more rapid FOIA processing.
- Work more closely with OGC to eliminate labor and time intensive computer runs in response to FOIA requests when they are known to be protected under section 12 (c) of the Export Administration Act.

External Factors:

- Exporters violate export control laws and regulations because they are not aware of changes in requirements pertaining to them.

Mitigating Strategy:

- Ensure exporters have rapid access to regulatory and policy changes. Disseminate guidance via export control seminars, individual counseling, and the Internet.

External Factors:

- BXA continues to rely on other agencies, most recently the Department of State, to fund the technical exchanges and activities relating to international export control cooperation. The process of obtaining earmarked funds from other agencies to support this work, and ensuring that all the detailed requirements of those agencies are satisfied, is extremely cumbersome and fraught with uncertainty and delay and makes some inefficiencies unavoidable.

Mitigating Strategy:

- BXA works with a number of funding entities and may submit several proposals aimed at achieving the same objective in order to make receipt of needed funding more likely.

Performance Goal 1: Restructure Export Controls for the 21st Century

External Factors:

- Scheduling of technical exchanges and activities is contingent on the interagency coordination process and the other countries involved.
- The pace of efforts to assist other nations to strengthen their export control programs depends on the initiative of individual countries to make use of this cooperative assistance and on the willingness of other U.S. agencies to provide for their experts to participate in the technical exchanges.

Mitigating Strategy:

- Close and frequent contact with other pertinent U.S. agencies and patient, continuing consultation with foreign export control officials minimizes these problems.

External Factors:

- Unforeseeable shifts in U.S. policy (e.g., suspension of activity with Belarus) occasionally prevent performance of scheduled, funded technical exchanges or preclude participation of some invited participants.

Mitigating Strategy:

- Rapid contact with service providers to minimize cancellation cost.
- Reduce the number of exchanges while focusing on reaching broader audiences.

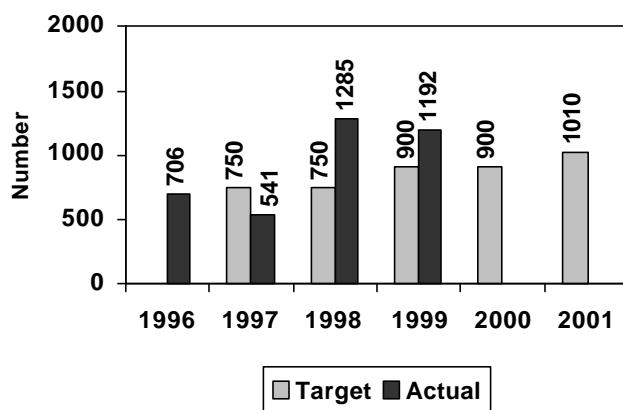
Performance Goal 2:

Maintain a Fully Effective Law Enforcement Program to protect U.S. national security and public safety, uphold U.S. foreign policy, and ensure the nonproliferation of dual-use commodities and chemical weapons

Rationale for Performance Goal

A number of aggressive investigation and verification activities are aimed at deterring export control violations, and imposing criminal or administrative sanctions on violators.

BXA conducts outreach visits and conferences sponsored by trade and business associations and continuing legal education institutions. These outreach efforts support the *Expand Economic Growth, Trade and Prosperity* initiative while protecting important national security and foreign policy interests by helping exporters understand export control regulations.

Measure 2.a:**Number of enforcement outreach visits****Data Validation and Verification:**

Data collection: "Enforce" subsystem of ECASS and paper files; agent monthly activity reports.

Frequency: Annual

Data storage: The Office of Export Enforcement (OEE) collects and stores the data in Enforce and its case files.

Verification: Following an outreach visit, the agent enters the data in ECASS. The Special Agent in Charge countersigns each entry. The Antiboycott-related data are verified by a manual count of entries in OAC case files.

Data limitations: None

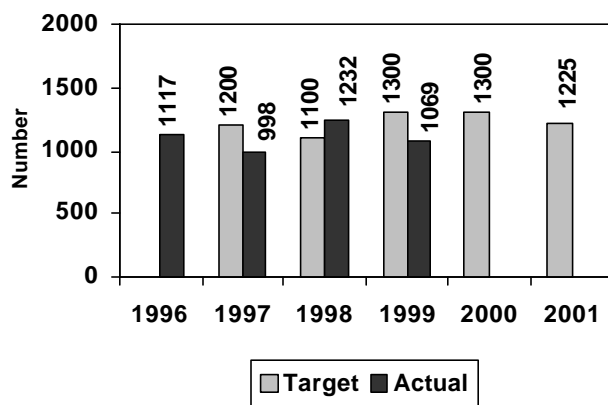
Actions to be taken: None.

Explanation

As part of their preventive enforcement mission, BXA special agents visit U.S. firms under "Project Outreach." During each outreach visit, the agents educate the firm about BXA's enforcement program and seek the firm's voluntary cooperation in detecting potential illegal transactions. Antiboycott outreach occurs in the form of presentations to organizations concerning compliance with the Antiboycott provisions of the EAA. These outreach efforts focus on conferences sponsored by trade and business associations and continuing legal education institutions.

Performance Goal 2:

Maintain a Fully Effective Law Enforcement Program to protect U.S. national security and public safety, uphold U.S. foreign policy, and ensure the nonproliferation of dual-use commodities and chemical weapons

Measure 2.b:**Number of investigations completed****Data Validation and Verification:**

Data collection: "Enforce" subsystem of ECASS and case management database

Frequency: Annual

Data storage: The OEE collects and stores the data. Cases are also tracked in ECASS.

Verification: Data are obtained through a query of the Enforce database using the investigative tracking system. This query reflects the total number of cases completed during FY 1999. The investigating Special Agent enters these data into Enforce during and upon the completion of the investigation. Each entry is countersigned by the Special Agent in Charge, thereby providing a complete verification of the data entered. The data for the annual report are developed via Enforce query verified by a manual count of entries. The Antiboycott data are verified via manual count of entries in OAC case files.

Data limitations: None.

Actions to be taken: None.

Explanation

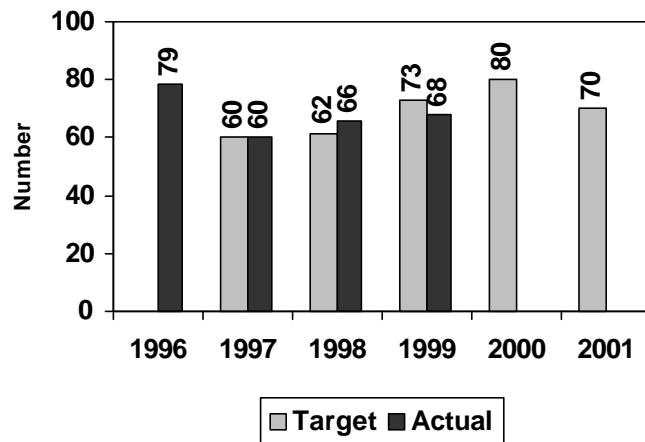
When there is reason to believe that the EAA and the EAR have been violated, BXA criminal investigators and Compliance Officers initiate a formal investigation and open a case file. Investigations result in a criminal or administrative penalty, a warning letter for minor infractions, or closing of the case if no violation is found. This output measure covers one of the most important features of our law enforcement program, namely, the pursuit of an investigation to a proper conclusion based on the facts and law.

Performance Goal 2:

Maintain a Fully Effective Law Enforcement Program to protect U.S. national security and public safety, uphold U.S. foreign policy, and ensure the nonproliferation of dual-use commodities and chemical weapons

Measure 2.c:

Number of investigations accepted for criminal or administrative remedies

**Explanation**

This measure refers to investigations accepted by U.S. Attorney offices for criminal prosecution and/or by the Chief Counsel for Export Administration for administrative sanctions.

Data Validation and Verification:

Data collection: "Enforce" subsystem of ECASS and case management database

Frequency: Annual

Data storage: The OEE and the Chief Counsel for Export Administration collect and store the data. Case status information is reconciled quarterly.

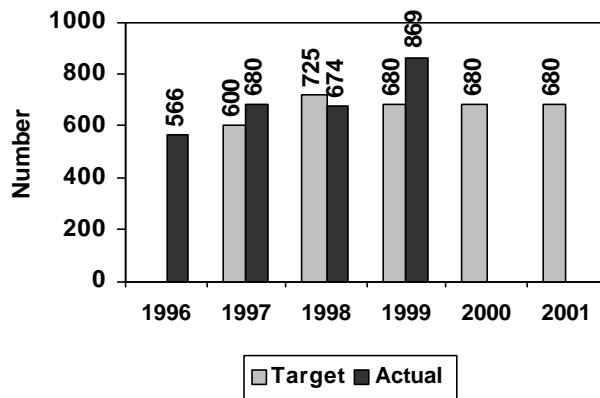
Verification: Data are obtained through a query of the Enforce database using the investigative tracking system. To obtain the total number of cases accepted for criminal prosecution, the case action query program is used which reflects cases accepted by U.S. Attorneys' offices. These data are entered by the investigating case agent and countersigned by the Special Agent in Charge. To obtain the total number of cases accepted for administrative remedies, the administrative action query is used which reflects cases accepted by the Chief Counsel for Export Administration. The Office enters these data. Validation is accomplished via manual verification by counting the entries in the system. The Antiboycott related data are obtained through a query of case status information in OAC case files. This case status information is reconciled/verified on a quarterly basis.

Data limitations: Prior to FY 1999, these data were calculated by querying the total number of cases presented for criminal prosecution and subtracting the number of cases declined. In an effort to more accurately account for the data, a new computer program was added in FY 1999 to reflect cases accepted for criminal prosecution.

Actions to be taken: None.

Performance Goal 2:

Maintain a Fully Effective Law Enforcement Program to protect U.S. national security and public safety, uphold U.S. foreign policy, and ensure the nonproliferation of dual-use commodities and chemical weapons

Measure 2.d:**Number of end-use visits conducted****Data Validation and Verification:**

Data collection: Enforcement subsystem of ECASS, ad hoc programs, and a PC database for high performance computer (HPC) end-use checks.

Frequency: Annual.

Data storage: The OEE and the Office of Enforcement Analysis collect and store the data. OEE and the U.S. & Foreign Commercial Service (US&FCS) personnel make and document visits. OEA performs data entry into ECASS, and into a database of HPC end-use checks.

Verification: Pre-license check (PLC) data are compiled through ECASS data query programs that have built-in checks that prevent duplicative counting. For post shipment verification (PSV) data, cable requested PSVs are queried using ECASS or by using a query with a PC database for HPC checks. OEA personnel manually verify both of these queries. Safeguard PSV checks are queried through ECASS as well. An ad hoc database, maintained by OEE/Intel, is used for verification of that data.

Data limitations: None.

Actions to be taken: None.

Explanation

A key element of the BXA activity is conducting on-site visits to foreign end-users of selected goods and technologies exported under the EAR. End-use visits consist of pre-license checks and post-shipment verifications. Pre-license checks are performed prior to issuance of licenses by BXA and are generally performed by U.S. & Foreign Commercial Service (US&FCS) personnel. US&FCS officials, and BXA Special Agents perform post-shipment verifications to ensure that the products are being used by the authorized end-users for the authorized end-uses.

This output measure supports the following goals:

- Maintaining an effective law enforcement program, by determining the legitimacy of controlled export transactions
- Improving public knowledge of and compliance with export regulations, by educating foreign consignees of U.S.-origin items
- Increasing cooperation with domestic and international law enforcement, export control and policy organizations, by sharing information with law enforcement counterparts located in countries where the visits are conducted

Program Evaluation Efforts

During Fiscal year 1999, BXA levied over \$2 million in civil and criminal penalties on individuals and corporations in 11 cases.

BXA was recognized for leadership in negotiating and implementing the U.S.-China End-Use Visit Arrangement (EUVA), a U.S. strategic objective for the past 15 years. Negotiated with senior Chinese officials, the EUVA is an extraordinary breakthrough in U.S.-China export control relations and was one of the President's most noted accomplishments at the June 1998 U.S.-China Summit. The EUVA strengthens the U.S. dual-use licensing and enforcement system and demonstrates the Department of Commerce's commitment to U.S. export control/nonproliferation goals.

Performance Goal 2:

Maintain a Fully Effective Law Enforcement Program to protect U.S. national security and public safety, uphold U.S. foreign policy, and ensure the nonproliferation of dual-use commodities and chemical weapons

Strategies and Activities

Strategies	Activities
Obtain tips and leads concerning possible violations, while educating exporters about how to comply with the export control laws and regulations	-- Target companies for outreach based on: leads and referrals, types of industry, types of exports, regions, and newness of exporters. -- Conduct outreach visits to industry
Ensure that the products are being used by the authorized end users for the authorized end-uses	-- Target end-use checks on shipments of greatest diversion risk and proliferation concern.
Determine whether violations of the law have occurred	-- Investigations are conducted in a timely and efficient manner.
Insure that the export control system works effectively	-- BXA presents cases to prosecutors for possible initiation of criminal or administrative enforcement proceedings in order to punish past and deter future violators.
Determine the legitimacy of controlled export transactions	-- BXA conducts visits overseas to educate foreign consignees about U.S. export laws, and share information with foreign export control officials.

Resource Requirements Summary

Total Dollars: \$29.2 million

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$25.9 M	\$25.4 M	\$29.2 M

Total FTE: 224

Skill Summary: *Knowledge of Export Administration Regulations, investigative skills, the ability to analyze export controls, and the ability to analyze intelligence information and data on end-use visits*

FY 99 Actual	FY 00 Enacted	FY 01 Request
188	207.5	224

Performance Goal 2:

Maintain a Fully Effective Law Enforcement Program to protect U.S. national security and public safety, uphold U.S. foreign policy, and ensure the nonproliferation of dual-use commodities and chemical weapons

Total IT Budget: \$2.7 million

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$1.7 M	\$2.1 M	\$2.7 M

Cross-Cutting Activities**Intra-DOC**

- The Antiboycott Office works with OEE to share data on cases/companies. Enforcement works with the Chief Counsel for Export Administration on administrative cases.

Other Government Agencies

- U.S. Customs Service, FBI, Postal Service, Departments of Justice and State, and the Intelligence Community: BXA works with these agencies on matters involving law enforcement cooperation, development of leads, intelligence coordination, implementation of export control policy, and coordination regarding issues such as export license investigations and fastener quality. The Bureau will continue to improve liaison with law enforcement agencies. Field offices and headquarters participate in interagency working groups with the FBI and the Postal Service. Data are shared with the Customs Service via the Treasury Enforcement Computer System (TEC).

External Factors and Mitigation Strategies**Number of completed investigations and Number of investigations accepted for criminal or administrative remedies:****External Factors:**

- The priorities and resources of the Department of Justice and the Chief Counsel for Export Administration directly influence the accomplishment of the measures.
- BXA may have to rely on other agencies to conduct investigative activities (including execution of search warrants, surveillance, and undercover operations).

Mitigation Strategies:

- Targeting investigations effectively, conducting investigative activities professionally, and presenting cases to prosecutors persuasively
- Communication with other agencies and monthly meetings to discuss new export control issues and the possibility of working together on joint cases

Performance Goal 2:

Maintain a Fully Effective Law Enforcement Program to protect U.S. national security and public safety, uphold U.S. foreign policy, and ensure the nonproliferation of dual-use commodities and chemical weapons

Number of End-Use Visits Conducted:***External Factors:***

- The number of pre-license checks will vary with the annual volume of license applications.
- The number of post-shipment verifications will vary in accordance with the volume of HPC exported to certain countries annually. The NDAA mandates post-shipment verifications for all HPCs that are exported to countries on a certain list. Thus, if more computers having performance capabilities in the HPC range subject to inspection are manufactured in the future, the number of required post-shipment checks will increase accordingly.

Mitigation Strategy:

- Increases in workload beyond the capability of established resource levels will be accommodated by concentrating on areas of highest risk.

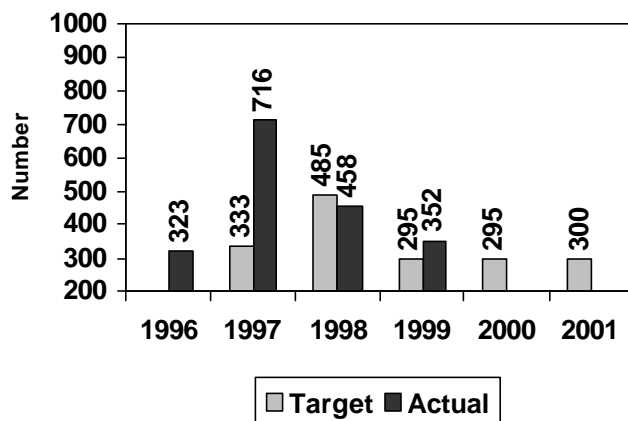
Performance Goal 3: Facilitate Transition of Defense Industries

Rationale for Performance Goal

A strong economic/industrial infrastructure is partly dependent upon the ability to transition our defense industries to peacetime activities and products while at the same time maintaining technological superiority to support the next generation of defense systems. This is accomplished by:

- Ensuring the continued viability of U.S. firms: Develop new commercial avenues for former defense products.
- Maintaining the economic viability of high tech industries: Provide the research base from which new innovations will appear.
- Keeping U.S. defense firms competitive domestically and internationally: Develop new and innovative product lines.

Measure 3.a: Number of strategic industry analyses completed



Data Validation and Verification:

Data collection: The analytical products are written reports, which are forwarded to the requester and are available for review and assessment.

Frequency: Annual

Data storage: The Office of Strategic Industry and Economic Security collects and stores the data. Several databases are involved.

Verification: None.

Data limitations: None

Actions to be taken: None

Explanation:

These are analyses undertaken as part of the broad responsibility to support the U.S. defense industrial and technology base. They include reviews of the economic/industrial base impacts of:

- International Defense Memoranda of Understanding
- Sales/disposal from the national Defense Stockpile and of Excess Defense Articles
- Defense downsizing and base closure
- The practice of offsets in defense trade
- Unilateral export controls and foreign availability.

Also included are assessments of the international competitiveness and production capabilities of strategic industries and technologies. Specific categories of analyses include the following:

- Defense Diversification and Needs Assessment Survey response referrals
- Defense Memoranda of Understanding impact reviews
- Impact of Excess Defense Article assessments
- Stockpile Disposal Market impact analyses
- Industrial Capabilities studies
- Impact of Offsets in Defense Trade analyses
- Impact of Unilateral Export Controls analyses.

There is a significant drop in the number of Defense Diversification and Needs Assessment Survey response referrals in FY 1998 and beyond because this program was funded in prior years by the Economic Development Administration, which is no longer providing funding for its continuation.

Performance Goal 3: Facilitate Transition of Defense Industries

Program Evaluation Efforts

- BXA coordinated Defense Trade Advocacy efforts that were instrumental in garnering sales of more than \$4 billion in Greece and Singapore.
- BXA completed a research project, *Statistical Handbook of the Ball and Roller Bearing Industry*. The handbook is the result of a partnership between BXA and the American Bearing Manufacturers Association (ABMA). The project was initiated at a bearing forum held at the Department of Commerce in June 1997, and was subsequently coordinated with ABMA's Statistical Committee. The handbook places into a single reference volume the most useful publicly available statistics about the industry and answers a longstanding call for such information.
- Defense Priorities and Allocations System (DPAS) support for the NATO Operation Allied Force in the Balkans continued with a successful effort to expedite the production and delivery of component parts and materials for the U.S. Air Force Joint Direct Attack Munition (JDAM) produced by Boeing. BXA staff worked closely with nine Boeing subcontractors to accelerate deliveries. In addition, two of these subcontractors, Rockwell-Collins and Honeywell, requested BXA assistance with their suppliers. Accordingly, five Rockwell-Collins suppliers and 14 lower-tier electronic parts vendors to Honeywell's supplier, General Dynamics, were contacted to obtain accelerated deliveries of production materials. BXA efforts saved up to two months of delivery lead-time that enabled Boeing to meet USAF delivery requirement for 1320 JDAMs.
- BXA was successful in blocking a proposed U.S. Navy transfer of 48 Mk 46 torpedoes from the Excess Defense Articles (EDA) stockpile to Greece. The transfer would have had a serious impact on manufacturer Raytheon's marketing of torpedoes and upgrades in Greece. As a result of BXA intervention, the U.S. Navy will withdraw the EDA request and the torpedoes will be sold to Greece.

Strategies and Activities

Strategies	Activities
Macro- and micro-economic research is used to support critical industry analyses and export control assessments	-- Affected industries are surveyed and resulting information is provided to the public at large. -- Proposed government actions affecting the well being of firms are assessed and the consequences for the companies and economy at large are measured and provided to decision-makers.

Resource Requirements

Total Dollars: \$0.5 million

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$0.5 M	\$0.5 M	\$0.5 M

Performance Goal 3: Facilitate Transition of Defense Industries

Total FTEs: 8

Skill Summary: Program-related analytic skills

FY 99 Actual	FY 00 Enacted	FY 01 Request
8	8	8

Total IT Dollars: \$0.1 million

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$0.07 M	\$0.08 M	\$0.1 M

Cross-Cutting Activities

Government Agencies

- *Department of Energy:* BXA participates in an interagency review of foreign participation in DOE-sponsored Research and Development Agreements. DOE is partnered with BXA in promoting the reuse of surplus manufacturing equipment at former U.S. military bases.
- *Departments of Labor, State and Treasury; U.S. Trade Representative (USTR):* Representatives from these departments participate in an interagency group chaired by BXA which prepares the annual report, *Offsets in Defense Trade*, for the U.S. Congress.
- *Department of Defense (DOD):* BXA works closely with DOD in providing support for U.S. industry competing for international defense procurement opportunities.
- *Department of State:* BXA participates in the State-chaired Conventional Arms Transfer Committee.
- *U.S. Trade Representative:* BXA is part of a USTR-led interagency team that is developing and implementing the U.S.- E.U. Transatlantic Economic Partnership.

External Factors and Mitigation Strategies

External Factors:

- The biggest external factor affecting the overall volume of strategic industry analyses completed is the environment for international defense trade and cooperation.
- Domestic and international economic conditions affecting the health of U.S. strategic industry influence the need for strategic industry analyses. The overall health of the global economy also impacts the number of export licenses submitted.
- Unanticipated global events may also affect such analyses by shifting the commodities and destinations subject to exports control, thereby requiring new industry analyses. These events may also result in changes to control requirements.

Mitigation Strategy:

- Target analyses to the most critical industrial sectors and work with other like-minded supplier nations to develop comparable acquisition and sales practices.